

Filed on behalf of: IPR LICENSING, INC.

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION
Petitioner

v.

IPR LICENSING, INC.
Patent Owner

Case IPR2015-00074
U.S. Patent No. 8,380,244

Before PATRICK E. BAKER, *Trial Paralegal*.

**PATENT OWNER'S PRELIMINARY RESPONSE TO
MICROSOFT CORPORATION'S PETITION FOR
INTER PARTES REVIEW OF U.S. PATENT NO. 8,380,244**

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Petitioner Microsoft Corporation (hereinafter “Microsoft” or the “Petitioner”) filed a Petition for *Inter Partes* Review of U.S. Patent No. 8,380,244 (Paper No. 1) (the “Petition”), along with a Motion for Joinder (Paper No. 3) (the “Motion”). The Motion would join the Petition with the *inter partes* review in *ZTE Corporation v. IPR Licensing, Inc.*, IPR2014-00525 (the “ZTE IPR”).

Pursuant to 37 C.F.R. § 42.8 and the Notice of Filing Date Accorded to Petition and Time for Filing Patent Owner Preliminary Response (Paper No. 7), Patent Owner IPR Licensing, Inc., (hereinafter “Patent Owner”) respectfully submits this preliminary response to the Petition for *Inter Partes* Review of U.S. Patent No. 8,380,244 (the “‘244 patent”) (IPR2015-00074) filed by Microsoft to the U.S. Patent and Trademark Appeals Board (hereinafter “PTAB” or the “Board”). For the reasons set forth below, Microsoft’s Petition should not be granted and should be dismissed in its entirety.

I. INTRODUCTION AND SUMMARY OF PRELIMINARY RESPONSE

Microsoft’s Petition should be denied. It is “identical to Ground 1 asserted by ZTE in its IPR.” Petition at 14. In addition, Microsoft has failed to meet its burden to demonstrate a reasonable likelihood that it will prevail with respect to at least one of the challenged claims of the ‘244 patent. Microsoft’s analysis alleging obviousness of the challenged claims is incomplete, cursory and legally deficient.

Microsoft also fails to provide sufficient evidence to demonstrate that certain references are in fact prior art.

The Patent Owner, through this Preliminary Response, will demonstrate how the Petition fails on at least four procedural grounds.

First, the Petition is substantively duplicative to the currently pending ZTE IPR. Petitioner admits that it is based on the same grounds and same combinations of prior art. *See, e.g.*, Motion at 4. Petitioner fails to explain why its duplicative Petition is necessary for the resolution of the ZTE IPR, or why the Board cannot address the merits of the very same prior art and arguments without instituting another *inter partes* review. As such, the Board should exercise its discretion and deny the Petition.

Second, the Petition fails to make out a prima facie case of obviousness. For example, the Petition asserts obviousness based on a combination without identifying any specific combination of prior art *elements* that allegedly render any challenged claim obvious. Instead, for the supposed “combination,” the Petition simply asserts, for several claim elements, that the element is disclosed in multiple references. For example, the Petition asserts that every element of claims 1 and 23, except for the IEEE 802.11 wireless LAN, is disclosed by Jawanda. However, with the exception of that one element, the Petition recites disclosures in both Jawanda and a collection of documents (the “GPRS documents”) that the Petition

refers to as the “GPRS Standards” (Petition at 48-52). The Petition thus never specifies which elements are to be chosen from Jawanda, and which from the GPRS documents. The specific combination of elements is left as an exercise for the reader – as is the motivation to combine the specific elements in question to arrive at each of the challenged claims.

Third, the Petition relies on numerous non-patent references, the so-called “GPRS Standards,” without providing sufficient evidence that this collection of documents qualify as publications as of the priority date of the ‘244 patent. In particular, some of the documents are marked “Draft” and the Petition does not provide any motivation to combine draft GPRS documents with other non-draft GPRS documents to form a single reference.

Fourth, the Petition is barred under 35 U.S.C. § 315(b), as Microsoft is in privity with a party that was served with a complaint more than one year before the Petition.¹ Nokia, Inc., a privy of Petitioner, was served with a complaint alleging infringement of the ‘244 patent more than one year before the Petition. Petitioner’s argument applying an unduly narrow interpretation of § 315(b) should be rejected.

II. LEGAL STANDARDS

¹ For the reasons set forth in the Opposition to Petitioner’s Motion for Joinder (Paper No. 9), Petitioner’s Motion for Joinder is improper and should be denied.

The institution of an *inter partes* review requires a showing by the Petitioner that there is a “reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a).

In conducting its review, the Board will interpret claims using the broadest reasonable interpretation as understood by one of ordinary skill in the art and consistent with the disclosure. *See* 37 C.F.R. § 42.100(b); Office Patent Trial Practice Guide (“OPTPG”), 77 Fed. Reg. 48756, 48766 (Aug. 14, 2012). There is a heavy presumption that a claim term carries its ordinary and customary meaning. *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed. Cir. 2002).

By statute, a patent is invalid as obvious only:

if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art . . . to which said subject matter pertains.

See 35 U.S.C. § 103(a) (amended 2013). An obviousness analysis must also consider: (1) the scope and content of the prior art; (2) the differences between the prior art and the claimed invention; (3) the level of ordinary skill in the art; and (4) objective evidence of nonobviousness. *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966); *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406-407 (2007) (noting that these four factors “continue to define the inquiry that controls”). Such an analysis

must be conducted on an element-by-element basis, comparing each of the claim elements to the prior art. “[T]o establish obviousness based on a combination of the elements disclosed in the prior art, there must be some motivation, suggestion or teaching of the desirability of making the specific combination that was made by the applicant.” *In re Kotzab*, 217 F.3d 1365, 1369-70 (Fed. Cir. 2000).

An *inter partes* review may be requested only on the basis of prior art consisting of patents or printed publications. 35 U.S.C. § 311(b). The Petitioner must establish that the prior art on which it relies qualifies as a patent or printed publication. *See Zerto, Inc. v. EMC Israel Dev. Ctr., Ltd.*, IPR2013-00458 (Paper No. 12) (PTAB Jan. 16, 2014), at 27. A “working draft that is not yet ready for public dissemination” is not a printed publication, absent credible evidence that the draft was available to interested members of the public. *Id.*

III. OVERVIEW OF THE ‘244 PATENT

The ‘244 patent describes and claims specific improvements to a dual-mode subscriber unit. The Petition’s description of the invention as simply a dual-mode device that can preferentially use a WLAN network when available is inaccurate, and ignores these improvements.

One improvement is that the subscriber unit, rather than the base station, decides which channels, and how many channels, it will use to transmit data at a given time. This is clear from the description of “a subscriber unit of the present

invention,” as shown in Figure 6. Microsoft Ex. 1001 (‘244 patent) at 4:59-60. The specification explains that this subscriber unit includes a “bandwidth management function” which is “responsible for allocating . . . CDMA radio channels as required.” *Id.* at 9:64-66. Patent Owner’s proposed construction of “plurality of assigned physical channels” in the Delaware district court recognizes that this preferred embodiment requires the subscriber unit, not the base station, to assign or allocate the physical channels. Petition at 16. The proposed construction of the defendant in that case, adopted by the District Court and by Microsoft, similarly recognizes that the subscriber unit, not the base station, selects the physical channels to be used. *Id.* This feature is an improvement over the prior art, in which the base station determined which channels the subscriber unit would use to transmit data.

Another improvement is maintaining a logical connection between the subscriber unit and the cellular network, in the absence of cellular physical channels. That is, the logical connection is maintained when the cellular physical channels are not in use. Microsoft Ex. 1001 (‘244 patent) at 4:11-18. Because the logical connection is maintained, the subscriber unit avoids “the overhead associated with having to set up an end to end connection each time that data needs to be transferred.” *Id.* That is, when the physical cellular connection is needed

again to send data, it can be set up more quickly, because the logical connection is still in place.

IV. OVERVIEW OF THE PROSECUTION HISTORY

The Petition provides a grossly inaccurate description of the prosecution history of the '244 patent, and the copy of the prosecution history that is attached to the Petition and misleadingly referred to in Dr. Bims' Declaration as "'098 Application History" is incomplete and omits several critical documents. In particular, the Petition omits any discussion of the Examiner interview, during which the Patent Owner and Examiner discussed the primary reference relied upon in the Petition (namely, Jawanda) and the Patent Owner agreed to propose an amendment. *See* Ex. 2003 (InterDigital Sections Prosecution History) at 33-34 (Reply to Office Action, April 20, 2012, discussing Examiner interview), and at 1-2 (Summary of Interview, April 11, 2012). Petitioner also misleadingly omitted, from the copy of the prosecution history attached to the Petition, both the Interview Summary, and the Reply to Office Action discussing the interview. The claims of the '244 patent were allowed shortly after the Reply.

It is clear from a review of the *entire* prosecution history that the claims were allowed because the Patent Owner successfully distinguished the claims over Jawanda and other prior art during the Examiner interview. There is no basis for the Petition's suggestion that the Examiner "made a mistake in allowing the

claims.” Petition at 27. Rather, as is apparent from the portions of the prosecution history conspicuously not submitted by Petitioner, the Examiner properly considered the claims of the ‘244 patent in view of the cited references, including Jawanda.

In an Office Action dated October 20, 2011, the Examiner rejected the claims over references including U.S. Patent No. 6,243,581 to Jawanda. *See* Ex. 2003 (InterDigital Sections Prosecution History) at 5. The Examiner asserted that Jawanda disclosed “maintaining a communication session,” and in doing so relied on the *identical* disclosures on which Petitioner relies. Specifically, the Examiner noted that Jawanda teaches “seamlessly handoff transfer of datagrams from WWAN connection . . . to WLAN connection, **WHILE maintaining WWAN connection.**” *Id.* at 8 (emphasis in original). The Examiner relied on this disclosure as describing “maintain[ing] a communication session with the WWAN . . . WHILE communicat[ing] datagrams (i.e. packet data) with the WLAN.” *Id.* (capitalization in original). Petitioner relies on the identical disclosure as disclosing maintaining a communication session: “the WWAN connection (cellular connection) may optionally be maintained.” Petition at 35. The Examiner, like Petitioner, also pointed to the fact that Jawanda describes maintaining an “application session.” Ex. 2003 (InterDigital Sections Prosecution

History) at 8; Petition at 34-35. Notably, this Office Action was omitted from Petitioner's attached copy of the prosecution history.

Following the October 20, 2011 Office Action, Patent Owner initiated an interview, which took place April 11, 2012. The prior art discussed during the interview included the Jawanda reference, and another patent. Ex. 2003 (InterDigital Sections Prosecution History) at 1. Patent Owner agreed to "propose an amendment in response to the interview on 4/11/2012." *Id.* The Examiner's summary of the April 11, 2012 interview does not appear in the copy of the prosecution history submitted by Petitioner.

On April 20, 2012, Patent Owner submitted a Reply, amending the claims and discussing the interview. Ex. 2003 (InterDigital Sections Prosecution History) at 21-37. This Reply does not appear in the copy of the prosecution history submitted by Petitioner. In the Reply, Patent Owner noted that, "[a]s discussed with the Examiner during the April 11, 2012 telephonic interview," the prior art, including "Lemiläinen and Jawanda, alone or in combination, fail to teach or suggest 'a processor configured to maintain a communication session with the cellular wireless network in an absence of the plurality of assigned physical channels while the IEEE 802.11 transceiver communicates packet data with the IEEE 802.11 wireless local area network.'" *Id.* at 34-35.

In response to this Reply, on May 31, 2012, the Examiner issued a notice of allowance. Microsoft Ex. 1018, at 5.

V. CLAIM CONSTRUCTION

As explained in detail below, the Petition does not provide sufficient evidence of obviousness. The Petition fails to describe the differences between the claims and the identified references. The Petition also fails to identify any specific changes to the references, or any specific combination of elements, that allegedly renders the challenged claims obvious. Nor does the Petition identify any motivation to modify the references or to combine specific elements so as to yield the claimed combination. The Petition thus fails to make a prima facie showing of obviousness.

Therefore, there is no need to address claim construction at this stage. The Petition should be dismissed because, absent a prima facie showing of obviousness, the Petition cannot establish a reasonable likelihood that it would prevail in showing that the challenged claims are obvious. This is so regardless of the claim constructions applied.

VI. THE 800 ITC INVESTIGATION

In order to bolster its inadequate obviousness position, further discussed below, Petitioner attempts to rely on the initial finding of an Administrative Law Judge (“ALJ”) in a prior ITC investigation invalidating the parent patent of the

‘244 patent, U.S. Patent No. 7,616,970 (the “‘970 patent”). Petition at 1. This finding, which is currently being appealed before the Federal Circuit, is of little or no relevance. The ITC’s finding involved a different patent, with different claims, and Petitioner has provided no support for its assertion that the challenged claims are similar. Furthermore, even assuming that Petitioner could support its assertion that the ‘244 patent and ‘970 patent include similar claims, the ALJ in the prior ITC investigation applied different claim constructions from those being proposed and applied by the Petitioner here. The ALJ’s finding should therefore be given no weight.

In any case, the ITC’s finding is not binding on the Board.² It is well-established that “decisions of the ITC involving patent issues have no preclusive effect in other forums.” *Texas Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996). For example, the Board of Patent Appeals and Interferences has declined to find claims invalid during reexamination, where

² Of greater relevance is the verdict rendered by a jury in Patent Owner’s infringement suit against ZTE in the United States District Court for the District of Delaware. There, the jury found all asserted claims of the ‘244 patent, including some of the same claims being challenged in the Petition, not invalid over the identical combination asserted in the Petition.

the ITC had previously determined that those same claims were invalid. Decision on Appeal at 2, *Ex parte Funai Elec. Co., Ltd.*, Appeal No. 2010-003274, Reexamination 90/010,021 (BPAI Oct. 29, 2010) (ITC had invalidated claims 19 and 21, among others, and BPAI *affirmed* claims 19 and 21, among others).

VII. THE PETITION SHOULD BE DENIED AS DUPLICATIVE

The Petitioner admits that “Ground 1 asserted by Petitioner here is identical to Ground 1 asserted by ZTE in its IPR.” Petition at 14. Petitioner’s Motion confirms that the Petition “is based not only on the same grounds and combinations of prior art that were submitted by ZTE, but also relies solely upon the same grounds on which the Board has already instituted *inter partes* review. In substance, the Microsoft Petition is virtually identical to the ZTE Petition” Motion at 4.

Petitioner has failed to identify any material differences between its Petition and the ZTE IPR.³ In fact, Petitioner *admits* that the Petition is substantively

³ While Petitioner concedes that there are no substantive differences between the Petition and the ZTE IPR, the Petition includes restructuring of arguments, additional citations to prior art, arguments regarding related litigation and a supplemental declaration from the expert, all of which would needlessly complicate the ZTE IPR. As such, and for the reasons set forth in the Opposition (Paper No. 9), joining the Petition with the ZTE IPR is improper.

identical.⁴ Motion at 4; Petition at 14. However, the Board has routinely rejected petitions where a petitioner has failed to demonstrate why its petition is not duplicative to an already pending *inter partes* review. *See, e.g., Unified Patents, Inc. v. PersonalWeb Techs., LLC*, IPR2014-00702 (Paper No. 13) (PTAB July 24, 2014) (Petition denied as identical to pending IPR proceedings); *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, IPR2014-00436 (Paper No. 17) (PTAB June 19, 2014), at 12 (Petition denied as presenting “the same, or substantially the same, prior art [] and the same, or substantially the same, arguments previously presented in the [prior] case.”); *Medtronic, Inc. v. Nuvasive, Inc.*, IPR2014-00487 (Paper No. 8) (PTAB Sept. 11, 2014) (Petitioner failed to provide any specific reasoning to support its argument that the grounds were not redundant to another, instituted IPR); *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, IPR2013-00324 (Paper No. 19) (PTAB Nov. 21, 2013) (Petition denied because Petitioner failed to identify any differences between previous prior art and new references).

⁴ Petitioner’s reference in its Motion to additional citations of evidence are not material differences, nor does Petitioner assert that they are. Rather, Petitioner confirms that its Petition “is virtually identical to the ZTE Petition, and contains only minor differences” and is “substantively nearly-identical to [it].” Motion at 4, 6.

In fact, each of these decisions has been designated as informative by the Patent Office. See <http://www.uspto.gov/ip/boards/bpai/decisions/inform/>.

The reasoning in *Unified Patents, Inc. v. PersonalWeb Technologies, LLC*, IPR2014-00702 (Paper No. 13) (PTAB July 24, 2014) is instructive. In *Unified Patents*, the petitioner filed a petition for *inter partes* review (the “‘702 petition”) of certain claims based on a single prior art reference. The patent at issue, however, was already subject to three other *inter partes* reviews including one proceeding (the “‘057 IPR”) that involved all of the same challenged claims and the same single prior art reference cited in the ‘702 petition. *Id.* at 8. Notwithstanding that the petitioner was not a party to any of the three prior *inter partes* reviews, including the ‘057 IPR, the Board exercised its discretion under 35 U.S.C. § 325(d) and denied the ‘702 petition “because the same or substantially the same prior art and arguments were presented previously in [the ‘057 IPR].” *Id.* at 9. As in the present Petition, the Board recognized in *Unified Patents* that whether or not the ‘702 petition is instituted, “a determination will be made as to whether” the challenged claims “are unpatentable” over the same prior art in the ‘057 IPR. *Id.* at 8.

The current Petition fails to identify how it adds to the ZTE IPR or what issues it addresses that the Board will not consider in the ZTE IPR. Petitioner has presented no evidence or indication that its presence is necessary in the ZTE IPR.

Petitioner has conceded that there are no substantive differences between the Petition and the ZTE IPR. *See, e.g.*, Petition at 14. The prior art and arguments are the same. Motion at 4. The changes and additions that Petitioner adds are allegedly minor and no different in substance. Motion at 4, 6. The Petitioner fails to explain how the minor differences between the Petition and the ZTE IPR necessitate institution of a second proceeding. Nor does Petitioner explain why its participation in the ZTE IPR is necessary for the resolution of the ZTE IPR, or why the Board cannot address the merits of the same prior art and arguments without Petitioner. Thus, Petitioner has failed to meet its burden to demonstrate that the Petition is appropriate or should be instituted.

The circumstances in the instant Petition are no different than those in *Unified Patents*. Petitioner admits the “Petition is substantively nearly-identical to the ZTE [IPR].” Motion at 6. The Petition should be denied for this reason, as it offers no better grounds than that found in the ZTE IPR.

VIII. MICROSOFT HAS FAILED TO MAKE A PRIMA FACIE CASE OF INVALIDITY

A. The Petition Fails To Establish A Reasonable Likelihood That The Claims Of The ‘244 Patent Would Have Been Obvious

The Petition alleges one ground of obviousness, but in fact includes multiple grounds. “Ground 1” includes Jawanda alone, Jawanda in combination with the GPRS documents, Jawanda in combination with the IEEE 802.11 Standard, and

Jawanda in combination with the GPRS documents and the IEEE 802.11 Standard (Petition at 28-47). As discussed below, Microsoft never specifies which elements should be selected from which references, but instead merely provides a “laundry list” of disclosures, leaving it for the Board to decide which combination should be considered. Microsoft thus improperly advances multiple non-specific combinations as a single ground.

With respect to these obviousness arguments, the Petition fails to (a) articulate the differences between the references and the challenged claims, (b) provide a motivation for why one of ordinary skill in the art would have modified Jawanda, or combined specific elements selected from Jawanda with other specific elements selected from the GPRS documents to achieve the claimed invention and (c) establish that each of the references is prior art. Therefore, for at least these reasons, the Petition fails to set forth a prima facie case of obviousness as required under *KSR* for any of its alleged grounds, and thus has not demonstrated a reasonable likelihood of prevailing on this challenge.

1. The Petition Fails To Demonstrate A Reasonable Likelihood That The Challenged Claims Are Obvious In View Of “Ground 1”

a. The Petition fails to identify specific combinations of elements for each of the references

The Petition asserts that each of Claims 1-8, 14-16, 19-29, 36-38 and 41-44 is invalid for obviousness based on “Ground 1” (Jawanda alone or in combination

with GPRS and/or IEEE 802.11). As an initial matter, the Petition asserts invalidity solely on the basis of obviousness. Nowhere does the Petition assert that any reference anticipates any of the claims of the '244 patent. The Petition thus tacitly concedes that Jawanda does not disclose every element, but – with the exception of apparently conceding that Jawanda does not disclose IEEE 802.11 – the Petition fails to identify any element that is not disclosed by Jawanda, necessitating a combination with the GPRS documents and/or the IEEE 802.11 Standard.

Therefore, the Petition's obviousness analysis fails to properly set forth what modifications would be made to Jawanda alone in order to arrive at the claimed invention. Nor does the obviousness analysis properly set forth an actual, specific combination of elements selected from Jawanda with other elements selected from the GPRS documents (and the IEEE 802.11 Standard). The Petition also neglects to provide a motivation for a specific modification, or a specific combination of elements selected from Jawanda and from the GPRS documents. Therefore, the Petition fails to establish a prima facie case of obviousness for any of the alleged combinations.

For example, the Petition nowhere indicates that Jawanda fails to disclose an element that, according to the Petition, is instead disclosed by the GPRS documents. To the extent that the Petition explicitly acknowledges there is a

missing element from Jawanda at all – namely, the reference to IEEE 802.11 as a WLAN – the Petition does not allege that the GPRS documents disclose such an element. The Petition therefore does not identify any basis for modifying Jawanda in view of GPRS to include any missing element because it does not concede that any other element is missing. Nor does the Petition identify any basis for combining Jawanda with *specific elements* disclosed in the GPRS documents. The Petition simply provides the Board with a “laundry list” of elements allegedly disclosed in Jawanda, and in the GPRS documents, leaving the Board to determine which elements should be combined from which reference to yield the claimed invention.

The obviousness analysis in the Petition therefore does not articulate a proper rationale to support its obviousness assertions as required by 37 C.F.R. § 42.104(b)(4). The Petition thus fails to present a prima facie case of obviousness.

By statute, a patent is invalid as obvious only:

if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art . . . to which said subject matter pertains.

See 35 U.S.C. § 103(a) (amended 2013). An obviousness analysis must also consider: (1) the scope and content of the prior art; (2) the differences between the

prior art and the claimed invention; (3) the level of ordinary skill in the art; and (4) objective evidence of nonobviousness. *Graham*, 383 U.S. at 17; *KSR*, 550 U.S. at 406-407 (noting that these four factors “continue to define the inquiry that controls”). Yet, as explained above, the Petition fails to identify the “differences between the prior art and the claims at issue.” *See Graham*, 383 U.S. at 17.

By not articulating the differences between Jawanda and the claims (other than the failure to disclose an IEEE 802.11 wireless LAN), the Petition fails to conduct the required element-by-element comparison of the claim elements to the references. “[T]o establish obviousness based on a combination of the elements disclosed in the prior art, there must be some motivation, suggestion or teaching of the desirability of making *the specific combination* that was made by the applicant.” *Kotzab*, 217 F.3d at 1370.⁵ Moreover, “particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have *selected these components* for combination in the manner claimed.” *Id.* at 1371; *see also In re Rouffet*, 149 F.3d 1350, 1357 (Fed. Cir. 1998) (“In other words, the examiner must show reasons that the skilled artisan, confronted with the same problems as the inventor and with no knowledge of the claimed invention, would select the elements from the cited prior art references for

⁵ Emphasis is added throughout this response, unless otherwise noted.

combination in the manner claimed.”). Combining references requires a specific factual inquiry that the Petition does not perform. *In re Sang-Su Lee*, 277 F.3d 1338, 1343 (Fed. Cir. 2002); *see also Rouffet*, 149 F.3d at 1359 (“In other words, the Board must explain the reasons one of ordinary skill in the art would have been motivated to select the references and to combine them to render the claimed invention obvious.”).

The Petition’s analysis is legally insufficient, as it does not identify specific combinations of elements from the references, much less address the desirability of making those *specific combinations*. *See Kotzab*, 217 F.3d at 1370. Rather, the Petition leaves one to guess as to which element(s) of either the GPRS documents and/or the IEEE 802.11 Standard would have been used to modify the disclosure of Jawanda to create the claimed invention of the ‘244 patent. As this conclusory analysis fails to demonstrate a prima facie case of obviousness, it necessarily also fails to establish a reasonable likelihood of prevailing on obviousness on any of the combinations.

b. The Petition Fails To Articulate A Motivation For Why A Person Of Ordinary Skill In The Art Would Have Modified The References To Achieve The Claimed Invention

The obviousness analysis in the Petition also fails to demonstrate that a person of ordinary skill in the art at the time of the invention would have had a reason or motivation to modify Jawanda, or combine specific elements from

Jawanda with others from the GPRS documents (and the IEEE 802.11 Standard), to arrive at the claimed invention. *See, e.g., Unigene Labs., Inc. v. Apotex, Inc.*, 655 F.3d 1352, 1360 (Fed. Cir. 2011), *cert. denied*, 132 S. Ct. 1755 (2012); *Ortho-McNeil Pharm., Inc. v. Mylan Labs., Inc.*, 520 F.3d 1358, 1364-65 (Fed. Cir. 2008); *In re Kahn*, 441 F.3d 977, 986-88 (Fed. Cir. 2006). To demonstrate obviousness, the Petition must identify “some rationale, articulation, or reasoned basis to explain why the conclusion of obviousness is correct.” *Kahn*, 441 F.3d at 986-88. In other words, “obviousness requires the additional showing that a person of ordinary skill at the time of the invention would have *selected* and *combined* those prior art elements in the normal course of research and development to yield the claimed invention.” *Unigene*, 655 F.3d at 1360. In other words, it is not sufficient to merely identify a motivation to combine the references *as a whole* – there must be a motivation to select and combine specific elements from the references. This requirement of some reason or motivation to create the claimed invention “remains the primary guarantor against a non-statutory hindsight analysis” of obviousness. *Ortho-McNeil*, 520 F.3d at 1364-65.

Here, the Petition fails to provide particularized rationales for modifying, or combining specific elements from, the references to achieve the claims at issue and merely relies on vague generalities to support its conclusion of obviousness. For example, with respect to the first element of claim 1, the Petition asserts that “[t]o

the extent Jawanda lacks disclosure of any particular cellular implementation details required by the challenged claims, the GPRS Standards expressly disclose those details.” Petition at 31; *see also* Petition at 33, 35-36, 41, 43-45. The Petition then cites to various portions of GPRS documents without any indication as to what part of the claim they apply to or how one would be motivated to alter or combine Jawanda with any specific portion(s) of GPRS documents to arrive at the claimed invention of the ‘244 patent. The Petition provides the same cursory motivation for the combination of IEEE 802.11 with Jawanda.

As noted previously, the Petition does not provide any particularized analysis. The “motivation” provided in the Petition is merely a conclusory statement that it would have been obvious to have used either the GPRS documents or the IEEE 802.11 Standard in combination with Jawanda to arrive at the claimed invention. This so-called motivation fails to set forth why Jawanda does not disclose a *particular* element of the challenged claims **and** why one of ordinary skill in the art would have selected a *particular* element of either GPRS documents or IEEE 802.11 to combine with Jawanda to arrive at the claimed invention.

The expert declaration relied upon by the Petition suffers from the same deficiencies. The only motivation to combine Jawanda with either the GPRS documents or the IEEE 802.11 Standard is that these standards were known at the time. *See, e.g.,* Microsoft Ex. 1002 (Bims Decl.) ¶¶ 166-67. But without

specifically setting forth a motivation to select specific elements of either the GPRS documents or the IEEE 802.11 Standard to be combined with specific elements of Jawanda, this so-called motivation is inadequate.

Thus, the Petition provides insufficient evidence to establish that it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the references to achieve the missing limitations of the challenged claims. In the absence of such evidence, the Petition cannot make a prima facie showing of obviousness under *KSR*:

Although the obviousness analysis should “take account of the inferences and creative steps that a person of ordinary skill in the art would employ,” the Supreme Court emphasized that this evidentiary flexibility does not relax the requirement that, “[t]o facilitate review, this analysis should be made explicit.” *Id.* [*KSR*] at 418, 127 S. Ct. 1727 (citing *Kahn*, 441 F.3d at 988 (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.”))).

Perfect Web Techs., Inc. v. InfoUSA, Inc., 587 F.3d 1324, 1330 (Fed. Cir. 2009).

The Petition’s stated rationale is not sufficiently specific and indicates, at best, that the references are merely analogous art to each other and to the claimed

invention of the '244 patent. *See, e.g., Dominion Dealer Solutions, LLC v. AutoAlert, Inc.*, IPR2013-00220 (Paper No. 8) (PTAB Aug. 15, 2013), at 22. This so-called motivation does not provide an articulated reason with a rational underpinning to combine specific teachings in the references in a particular manner to arrive at the claimed invention, as is required for a showing of obviousness. *See KSR*, 550 U.S. at 418. Notably absent from the Petition is an articulated reason explaining how the references may be combined, from the perspective of one with ordinary skill in the art, to arrive at the claimed invention. *Dominion*, IPR2013-00220 (Paper No. 8), at 22.

For the foregoing reasons, the Petition does not establish a reasonable likelihood that it would prevail in showing that independent claims 1 and 23 of the '244 patent would have been obvious under 35 U.S.C. § 103(a) over Jawanda alone and/or in combination with the GPRS documents and the IEEE 802.11 Standard. Each of claims 2-8, 14-16, 19-22, 24-29, 36-38, and 41-44 depends on claim 1 and 23. Therefore, the Petition also has not established a reasonable likelihood that it would prevail in showing that dependent claims 2-8, 14-16, 19-22, 24-29, 36-38, and 41-44 would have been obvious under 35 U.S.C. § 103(a) over Jawanda alone and/or in combination with the GPRS documents and the IEEE 802.11 Standard.

B. Microsoft Has Failed To Establish That The “GPRS Standards” Are Prior Art

According to the Petition, “to the extent Jawanda lacks disclosure of any particular cellular implementation details,” those details can be found in what Petitioner calls “GPRS Standards.” However, Petitioner has failed to establish, as it must, that this collection of documents is, in fact, prior art. Furthermore, Petitioner asserts that the so-called “GPRS Standards” should be treated as “a single, cohesive reference.” Petition at 10. Yet, the supposed single reference consists of ten separate documents, which Petitioner calls “sections” of the GPRS Standards. Petition at 9-10.

Just as in ZTE’s Petition, two of these “sections” are drafts, which by definition are not final, and therefore not intended for public dissemination. Specifically, GSM 3.60 v. 6.1.1 R97 (Microsoft Ex. 1005.03), and GSM 4.60 v. 6.1.0 R97 (Microsoft Ex. 1005.06) are each marked “Draft” throughout – prominently on the first page, and again at the top of every page in the document. They are thus on their face identified as “working drafts” that are “not yet ready for public dissemination.” *See Zerto*, IPR2013-00458 (Paper No. 12), at 27. Petitioner has therefore not established that these are printed publications. *Id.* at 27-28.

Furthermore, just as in ZTE’s Petition, Microsoft’s Petition is incorrect in asserting that the GPRS documents should be considered a single reference. The Federal Circuit has specifically found that a similar “collection” of “separate GSM

specifications . . . do not together constitute a single reference.” *Kyocera Wireless Corp. v. Int’l Trade Comm’n*, 545 F.3d 1340, 1351 (Fed. Cir. 2008). Just as here, each of these separate GSM specifications has its own title, separate page numbering, and were authored at different times. *Id.* They therefore were separate prior art references, not sections of a single reference. And Microsoft, just like ZTE, has provided no motivation to combine *draft* documents, which are not final and are not part of the GPRS Standards, with other non-draft GPRS documents.

IX. THE PETITION IS BARRED UNDER 35 U.S.C. § 315(B)

The Petition for *inter partes* review is barred under 35 U.S.C. § 315(b).⁶ Nokia, Inc., a privy of Petitioner Microsoft Corp., was served with a complaint alleging infringement of the ‘244 patent more than one year before the Petition.

Petitioner now seeks to evade the restrictions of § 315(b) by playing an elaborate corporate shell game and urging the Board to apply an unduly narrow interpretation of § 315(b). Specifically, Petitioner contends that institution is proper because Petitioner (i) was not in privity with Nokia, Inc. “on the date of service of the complaint,” (Petition at 5-6) and (ii) “was and is exposed to liability

⁶ For the reasons set forth in the Opposition (Paper No. 9), Petitioner’s Motion for Joinder is improper and should be denied. Moreover, the timely filing of an improper motion for joinder does not permit a petition that is otherwise time-barred.

under the 244 patent separate and apart from any liability to Nokia Inc.” (Petition at 5). Petitioner is wrong on both counts. And, regardless, Petitioner and Nokia, Inc. were in privity at least as early as September 2, 2013—more than one year prior to this Petition.

A. Factual Background

On March 13, 2013—more than one year prior to Microsoft Corp.’s Petition for *inter partes* review—Patent Owner asserted the ‘244 patent against Nokia, Inc. and Nokia Corp in the United States District Court for the District of Delaware.

On September 2, 2013—also more than one year prior to Microsoft Corp.’s Petition for *inter partes* review—Microsoft Corp. entered into an agreement with Nokia Corp. to acquire Nokia, Inc. Ex. 2001 at 5. Nokia, Inc. then sought to terminate Nokia Corp. from the Delaware litigation by making the following representations about Petitioner’s September 2, 2013 agreement with Nokia, Corp. to the court:

- “Microsoft agreed to ‘assume liabilities primarily relating to the D&S Business and liabilities arising from the assets primarily used in the D&S Business.’”⁷ *Id.*

⁷ The D&S Business includes mobile devices and the business responsible for those products. Ex. 2001 at 5.

- “The liabilities that Microsoft agreed to assume include pending litigation concerning the D&S Business, including cases in which a Nokia mobile device is alleged to infringe a patent.” *Id.*
- “Along with transfer of these assumed liabilities, Nokia Corporation sold to Microsoft the ‘defenses, rights of offset or counterclaims related to the Assumed Liabilities.’” *Id.* at 5-6.

Subsequently, Microsoft Mobile Oye (“MMO”), a wholly-owned subsidiary of Petitioner, was formed for the purpose of consummating the transaction. *Id.* at 6.

B. The Plain Language Of 35 U.S.C. § 315(b) Bars The Petition

35 U.S.C. § 315(b) states: “An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” Petitioner seeks to evade the statutory bar of § 315(b) by limiting its time-restrictions to a “privy of the petitioner” *at the time of the prior complaint*. But the plain language of § 315(b) includes no limitation on the term “privy of the petitioner.”

“[W]hen the statute’s language is plain, the sole function of the courts – at least where the disposition required by the text is not absurd – is to enforce it according to its terms.” *Hartford Underwriters Ins. Co. v. Union Planters Bank*,

N.A., 530 U.S. 1, 6 (2000) (internal quotations omitted). “It is well settled law that the plain and unambiguous meaning of the words used by Congress prevails in the absence of a clearly expressed legislative intent to the contrary.” *Hoechst Aktiengesellschaft v. Quigg*, 917 F.2d 522, 526 (Fed. Cir. 1990).

The Board has applied this “well settled” rule of statutory interpretation. For example, the Board refused to limit the term “before the date on which the petition for such a review is filed” in 35 U.S.C. § 315(a)(1) to “before the date on which the petition for such a review is filed ***and served***.” *Anova Food, LLC v. Sandau*, IPR2013-00114 (Paper No. 17) (PTAB Sept. 13, 2013), at 5-6 (“Thus, section 315(a)(1) refers only to filing, and Anova LLC does not point us to any legislative history to demonstrate that the legislative intent was in fact that ‘filed’ be read as ‘filed and served.’”).

Here, the plain language of § 315(b) refers to a “privy of the petitioner” and does not impose any limitations, temporal or otherwise. Similar to the Board in *Anova Food*, which refused to read in extraneous limitations to the plain statutory language, the Board here should not read in an “at the time of the prior complaint” limitation to the term “privy of the petitioner.”

Petitioner’s restrictive reading of § 315(b) is also inconsistent with the legislative history. Senator Kyl stated that 35 U.S.C. § 315(b) was intended to set a “deadline for allowing an accused infringer to seek inter partes review after he

has been sued for infringement.” 157 Cong. Rec. S5429 (daily ed. Sept. 8, 2011) (statement of Sen. Kyl). The deadline helps to ensure that *inter partes* review is not used as a “tool[] for harassment” by “repeated litigation and administrative attacks.” H.R. Rep. No. 112-98 at 48, reprinted in 2011 U.S.C.C.A.N. at 78. Allowing such attacks “would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation.” *Id.*

As shown by Petitioner’s skillful use and formation of various related entities, Petitioner is effectively attempting to sidestep the deadlines set by § 315(b). Indeed, Petitioner’s Petition was filed more than one year after Nokia, Inc. was served with a complaint and more than one year after Microsoft agreed to acquire Nokia, Inc. and assume various rights—including Nokia, Inc.’s right to file an *inter partes* review within one year of InterDigital’s March 13, 2013 complaint. *See* Ex. 2001 at 5-6 (“Along with transfer of these assumed liabilities, Nokia Corporation sold to Microsoft the ‘defenses, rights of offset or counterclaims related to the Assumed Liabilities’”). Instituting the Petition would allow other corporate entities to also completely circumvent the requirements of § 315(b) by forming and using related corporate entities to file its IPR petitions.

Finally, Petitioner cites three Board decisions as allegedly reading in an “at the time of the prior complaint” restriction to the term “privy of the petitioner.” *See* Petition at 5-6. Even assuming Petitioner’s characterization is correct, none of

those decisions have been designated as either precedential or informative by the Patent Office.⁸ These opinions are thus considered “routine” and not binding authority. *See* Patent Trial and Appeal Board, Standard Operating Procedure 2 (Rev. 8), Publication of Opinions and Designation of Opinions as Precedential, at V.C (“A routine opinion should not be cited as authority, but may be cited when necessary as a relevant fact.”). Indeed, IPR panels have performed their own independent analysis and reached their own independent conclusions on issues where “a difference of opinion ... exists at the Board.” *Medtronic, Inc. v. Endotach LLC*, IPR2014-00695 (Paper No. 18) (PTAB Sept. 25, 2014), at 3-4.

Here, Congress has simply not authorized IPRs where a privy of the petitioner is served with a complaint more than one year prior to the petition—regardless of whether or when the privity relationship was formed. *See Killip v. Office of Pers. Mgmt.*, 991 F.2d 1564, 1569 (Fed. Cir. 1993) (“An agency is but a creature of statute. Any and all authority pursuant to which an agency may act ultimately must be grounded in an *express grant* from Congress.”). Microsoft’s Petition for *inter partes* review should thus be denied.

⁸ Moreover, unlike Microsoft’s Petition, none of these decisions included a direct admission that one of the entities assumed the defenses, rights of offset or counterclaims of the proceeding entity.

C. Nokia Is A Privy Of Microsoft

Petitioner does not appear to dispute that Microsoft and Nokia are now privies. *See* Petition at 5 (“Petitioner is not barred under § 315(b) because of the complaint filed against Nokia Inc. because Petitioner *was not* in privity with Nokia Inc.”); *id.* at 6 (“Because Petitioner *was not* in privity with Nokia Inc. at the time the complaint was served ...”). Under a proper reading of § 315(b), Microsoft’s Petition should be denied on this basis alone. The facts, however, further establish that Petitioner and Nokia, Inc. were in privity as early as September 2013—more than one year prior to Petitioner’s Petition for IPR.

The notion of privity is even “more expansive” than that of a real party in interest. OPTPG, at 48759. The Patent Office has acknowledged that determining whether a party is a privy or real party in interest is a “highly fact-dependent” issue and a “case-by-case approach is the best way to resolve these disputes.” Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48680, 48694 (Aug. 14, 2012). The “emphasis is not on the concept of identity of parties, but on the practical situation” between them. OPTPG, at 48759. Specifically, the Patent Office “evaluate[s] what parties constitute ‘privies’ in a manner consistent with the flexible and equitable considerations established under federal caselaw.” *Id.* And federal case law routinely finds privity based on the

parent-subsidary relationship, as well as assignee-assignor relationship. *See Taylor v. Sturgell*, 553 U.S. 880, 894 (2008); *Tegal Corp. v. Tokyo Electron Co., Ltd.*, No. 01-1019, 2002 U.S. App. LEXIS 1992, at *17-20 (Fed. Cir. Feb. 1, 2002); *Siegel v. Daiwa Securities Co. Ltd.*, 842 F. Supp. 1537, 1542 (S.D.N.Y. 1994) (“the well-established rule about privity governs the present case. Daiwa Japan [parent] is clearly in privity with Daiwa America [subsidiary]”).

Consistent with Federal case law, privity exists between Petitioner and Nokia, Inc. based at least on its parent-subsidary and/or assignor-assignee relationship that existed as early as September 2013. Nokia’s representations to the U.S. District Court for the District of Delaware about the September 2, 2013 agreement between Petitioner and Nokia Corp. demonstrate as much:

- “Microsoft agreed to ‘assume liabilities primarily relating to the D&S Business and liabilities arising from the assets primarily used in the D&S Business.’” Ex. 2001 at 5.
- “The liabilities that Microsoft agreed to assume include pending litigation concerning the D&S Business, including cases in which a Nokia mobile device is alleged to infringe a patent.” *Id.*

- “Along with transfer of these assumed liabilities, Nokia Corporation sold to Microsoft the ‘defenses, rights of offset or counterclaims related to the Assumed Liabilities.’” *Id.* at 5-6.

That Nokia, Inc. is also a wholly-owned subsidiary of MMO is of no moment. MMO is a wholly-owned subsidiary of Petitioner and was merely used to consummate the acquisition of Nokia, Inc. Because Petitioner and Nokia, Inc. are in privity, Microsoft’s Petition is time-barred under § 315(b).

D. Petitioner’s Purported Liability “Separate And Apart” From Nokia’s Liability Is Irrelevant

Microsoft suggests that Section 315(b) does not apply to its petition because “Petitioner was and is exposed to liability under the 244 patent separate and apart from any liability to Nokia Inc.” This is incorrect. Nothing in § 315(b) limits its applicability to cases when a petitioner’s privity is only exposed to separate liability. Rather, this underscores the irrelevance of Microsoft’s arguments that antitrust gun-jumping laws prevented it from filing the Petition. Petitioner had standing to file its own petition prior to the expiration of the one year period of § 315(b), and cites to no authority to the contrary beyond general reference to antitrust laws.

Microsoft cites a single case, *Apple Inc. v. Achates Reference Publ’g Co., Inc.*, IPR2013-00080 (Paper No. 22) (PTAB June 3, 2013), at 18-20, to support its position. But in *Apple*, the Board was addressing whether a *co-defendant*

relationship established privity. Here, Petitioner and Nokia, Inc. are not merely co-defendants. Petitioner and Nokia, Inc. share a parent-subsidiary relationship and, as discussed above, are in privity. Therefore, whether Petitioner is subject to liability separate and apart from Nokia, Inc.'s liability is irrelevant to the applicability of § 315(b).

X. CONCLUSION

The Petition has not demonstrated a reasonable likelihood of prevailing on any of its asserted Grounds. Specifically, the Petition is duplicative of the ZTE IPR. Further, the Petitioner's analysis alleging obviousness of the challenged claims (notably reliant on documents not adequately shown to be prior art) is incomplete, cursory and legally deficient. Finally, Petitioner is time barred under 35 U.S.C. § 315(b). Therefore, the Petition should be denied, and the IPR should not be instituted.

Dated: December 5, 2014

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of December, 2014, true and correct copies of the foregoing PATENT OWNER'S PRELIMINARY RESPONSE TO MICROSOFT CORPORATION'S PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO. 8,380,244 were served by electronic mail and Federal Express, upon the following counsel of record for Petitioner Microsoft Corp.:

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